

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 /061 W
-----180320Z 042238 /73

R 162215Z MAY 77
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 7394
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SAN JOSE 2154

E.O. 11652: GDS
TAGS: PFOJKN PGOV, CS
SUBJECT: THE "NEW REPUBLIC" VESCO/FIGUERES/ODUBER IMBROGLIO

REF: SAN JOSE 2114

BEGIN UNCLASSIFIED

SUMMARY: FIGUERES CRONY SAYS ODUBER RECEIVED VESCO MONEY
DIRECTLY AND WILL PROVIDE NATIONAL ASSEMBLY PROOF.
PRESIDENT'S MAY 13 EXPLANATION FORCEABLY ATTACKED BY
PRESS AND PUBLIC AS INADEQUATE AND CONTRADICTING. PUBLIC

PRESSURE INCREASING ON ODUBER TO ADDRESS SPECIFICS OF
FIGUERES' CHARGES. MEANWHILE FIGUERES CONTINUES LEISURELY
COMMENTARY ON NEW REPUBLIC INTERVIEW. PRO-PLN DAILY
"EXCELSIOR" BESET BY INTERNAL CONFLICT OVER HOW TO HANDLE
SCANDAL. END SUMMARY.

1. THE REPERCUSSIONS AND REVERBERATIONS FROM JOSE
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FIGUERES' NEW REPUBLIC INTERVIEW CONTINUE TO DOMINATE
LOCAL NEWS. PRESIDENT ODUBER, PLN LEADERS AND GOCR
OFFICIALS HAVE REMAINED SILENT FOLLOWING ODUBER'S
CATEGORIAL DENIAL MAY 13 THAT VESCO FUNDED HIS 1974
PRESIDENTIAL CAMPAIGN.

2. ODUBER'S DENIAL, WHICH HE OBVIOUSLY INTENDED TO

BE HIS LAST WORD ON THE MATTER, HAS NOT SATISFIED PUBLIC OPINION AND THE MEDIA. BY AND LARGE, HIS EXPLANATION IS STILL CONSIDERED INADEQUATE. ON MAY 14, 27 UNIVERSITY OF COSTA RINC DPROFESSORS DEMANDED THE PRESIDENT CLARIFY HIS REMARKS. A SIMILAR PUBLIC DEMAND WAS ISSUED BY TECHNICAL INSTITUTE STUDENTS.

3. MEANWHILE, FORMER VICE-MINISTER OF THE PRESIDENCY AND LONG-TIME FIGUERES CRONY MANUEL ENRIQUE GUERRA HAS STATED PUBLICLY THAT WHAT ODUBER DECLARED WAS TECHNICALLY CORRECT--VESCO FUNDS WERE NOT GIVEN TO THE PLN TREASURY. HOWEVER, GUERRA THEN DECLARED THAT VESCO MONEY WAS GIVEN DIRECTLY TO DANIEL ODUBER. GUERRA OFFERED TO PROVIDE EVIDENCE SUPPORTING HIS STATEMENT TO THE NATIONAL ASSEMBLY.

4. IN A STRONG EDITORIAL MAY 15, "LA REPUBLICA," NOTING GUERRA ALLEGATIONS, CALLED ODUBER A PRISONER OF HIS SINS. IN ANOTHER FORCEFUL EDITORIAL, LEADING DAILY "LA NACION" MAY 15 FOUND PRESIDENT ODUBER'S DECLARATIONS TO BE FULL OF CONTRADICTIONS. "LA NACION" TOOK ISSUE WITH ODUBER'S CONTENTION THAT NO CONCRETE CHARGES WERE MADE BY FIGUERES. THE NEWSPAPER, QUOTING PARTS OF THE INTERVIEW CONTAINING FIRM CHARGES, NOTED THAT 21 DAYS AFTER PUBLICATION JOSE FIGUERES HAD NOT RETRACTED THEM IN ANY WAY. ODUBER CANNOT CONTINUE ENMESHED IN CONTRADICTIONS, THE NEWSPAPER ADDED.

5. JOSE FIGUERES MEANWHILE CONTINUED HIS SLOW PACED, CONFIDENTIAL

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LEISURELY COMMENTARY ON THE "NEW REPUBLIC" INTERVIEW. IN THE THIRD INSTALLMENT RELEASED MAY 14, DON PEPE DEALS WITH THE COLD WAR AND THE CIA, DEFENDING THE LATTER. LIKE A GOOD SERIAL WRITER, FIGUERES HAS HIS AUDIENCE EAGERLY AWAITING FUTURE EPISODES TO SEE WHAT HE HAS TO SAY ABOUT VESCO ETAL.

6. PRO-PLN DAILY "EXCELSIOR" EXHIBITED SIGNS OF INTERNAL CONFLICT OVER THE SCANDAL. ITS EDITORIAL MAY 14, THE FIRST ONE TO ADDRESS THE MATTER, WAS INDECISIVE, WISHY WASHY AND CAME DOWN MIDWAY BETWEEN THE FIGUERES AND ODUBER POSITIONS. EVEN MORE GRAPHIC, HOWEVER, HAS BEEN THE NEWSPAPER'S HANDLING OF THE VISIT OF CHRISTIAN/DEMOCRATIC INTERNATIONAL LEADER DR. ARISTADIS CALVANI. IN ITS NEWS ACCOUNTS MAY 14 AND 15 IT IMPLIED CALVANI WAS IN COSTA RICA TO ARRANGE FOREIGN FINANCIAL ASSISTANCE FOR OPPOSITION UNITY CANDIDATE RODRIGO CARAZO'S PRESIDENTIAL CAMPAIGN (CARAZO HAS FIRMLY DENIED THAT HIS CAMPAIGN IS RECEIVING OR WILL RECEIVE MONEY FROM

FOREIGN SOURCES). IT LINKED THIS STORY TO THE FIGUERS/VESCO/ODUBER SCANDAL WHICH IT ALLEGED SEEKS TO DESTABILIZE AND BRING DOWN THE ODUBER GOVERNMENT. IN A STRONG EDITORIAL MAY 16, HOWEVER, "EXCELSIOR" CONDEMNS THIS KIND OF SENSATIONALISM AS SOMETHING COSTA RICA, AS A MATURE DEMOCRACY, HAS OUTGROWN. SINCE "EXCELSIOR" WAS THE ONLY DAILY TO SENSATIONALIZE THE CALVANI VISIT--THE NEWSPAPER IS STRONGLY ATTACKING ITSELF--AND SAYING THAT IT IS FINE FOR COSTA RICAN POLITICIANS TO HAVE CONTACT WITH FOREIGN POLITICAL LEADERS.

7. NATIONAL ASSEMBLY PRESIDENT ELIAS SOLEY IN AN OPEN LETTER EXPRESSED CONCERN WITH THE ASSEMBLY'S FAILURE TO REACH A QUORUM THE WEEK OF MAY 9. SOLEY BLAMED PROBLEM ON LEGISLATORS INTERESTED IN IMPEDING DEBATE ON THE FIGUERES' REVELATIONS.
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8. FINALLY OPPOSITION DEPUTY ALVARO CHEN LAO FORMALLY REQUESTED THAT THE COUNCIL OF GOVERNMENT EXPEL VESCO. CHEN DECLARED HE WAS ACTING UNDER THE PRECEPTS OF ARTICLE 27 OF THE CONSTITUTION WHICH GUARANTEES CITIZENS THE RIGHT TO SPEEDY ACTION ON SUCH A REQUEST. THE CHEN REQUEST IS BASED ON AN OBSCURE 1884 LAW AS AMENDED IN 1936 WHICH PERMITS IMMEDIATE EXPULSION OF CERTAIN UN-DESIRABLE ALIENS. OPPOSITION POLITICAL COMMENTATORS HAVE PICKED UP ON THIS THEME AS WELL. END UNCLASSIFIED.

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9. COMMENT: THE PRESSURE CONTINUES UNABATED ON ODUBER TO ADDRESS THE SPECIFIC CHARGES OF THE VESCO ROLE IN HIS CAMPAIGN. HIS PUBLIC STATEMENTS SO FAR ARE SIMPLY NOT ACCEPTED, AT LEAST BY THE MEMBERS OF HIS OWN PARTY. FIGUERES, CONCURRENTLY, CONTINUES TO KEEP THE COUNTRY GUESSING REGARDING WHAT HE WILL SAY AND EVEN DO IN THE DAYS AHEAD. THERE IS AN ADDITIONAL FACTOR--IF THE ASSEMBLY EVER PUT THE QUORUM TOGETHER, ATTEMPTS WILL SHIFT TO POSSIBLE INVESTIGATION BY THAT BODY. FINALLY, EMBASSY HAS PICKED UP RUMOR THAT DISSIDENT, INFLUENTIAL, PLN GROUP WILL ISSUE PUBLIC STATEMENT LATER THIS WEEK CALLING FOR ODUBER'S RESIGNATION. THE SAME GROUP HAS ALREADY GONE ON PUBLIC RECORD TO CITE THE SIMILARITY BETWEEN WATERGATE AND WHAT IS TRANSPIRING IN COSTA RICA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ALLEGATIONS, FINANCIAL CONTRIBUTIONS, ELECTION CAMPAIGNS, GOVERNMENT REACTIONS, OPPOSITION PARTIES
Control Number: n/a
Copy: SINGLE
Sent Date: 16-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANJO02154
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770176-0065
Format: TEL
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770552/aaaabtfq.tel
Line Count: 169
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6955be92-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 SAN JOSE 2114
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2504270
Secure: OPEN
Status: NATIVE
Subject: THE \"NEW REPUBLIC\" VESCO/FIGUERES/ODUBER IMBROGLIO
TAGS: PFOR, PGOV, CS, (ODUBER QUIROS, DANIEL), (FIGUERES, JOSE), (VESCO, ROBERT L)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6955be92-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009